

**STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
DIVISION OF CONSUMER SERVICES**

IN THE MATTER OF DETERMINING
Whether there has been a violation of the
Mortgage Broker Practices Act of Washington by:

QUALITY FIRST MORTGAGE CORP.,
JON M. NORTON, President, Owner and
Designated Broker, and LADORA L. NORTON,
Vice President,

Respondents.

NO. C-05-143-06-SC01

STATEMENT OF CHARGES and
NOTICE OF INTENTION TO ENTER
AN ORDER TO REVOKE LICENSE, IMPOSE FINE,
PROHIBIT FROM INDUSTRY, AND COLLECT
INVESTIGATION FEE

INTRODUCTION

Pursuant to RCW 19.146.220 and RCW 19.146.223, the Director of the Department of Financial Institutions of the State of Washington (Director) is responsible for the administration of chapter 19.146 RCW, the Mortgage Broker Practices Act (Act). After having conducted an investigation pursuant to RCW 19.146.235, and based upon the facts available as of January 31, 2006, the Director institutes this proceeding and finds as follows:

I. FACTUAL ALLEGATIONS

1.1 Respondents.

A. **Quality First Mortgage Corp. (Quality First)** was licensed by the Department of Financial Institutions of the State of Washington (Department) to conduct business as a mortgage broker on July 8, 1997 and has continued to be licensed to date. Respondent Quality First is licensed to conduct the business of a mortgage broker at the following two (2) locations:

(1) 18605 51st Avenue SE, Bothell, WA 98012, and

(2) 113 N. Second Street, La Conner, WA 98036.

1 B. **Jon M. Norton (J. Norton)** is the President, Owner, and Designated Broker of Respondent
2 Quality First. Respondent J. Norton was named Designated Broker of Respondent Quality First on July 8, 1997
3 and has continued as Designated Broker to date.

4 C. **Ladora L. Norton (L. Norton)** is the Vice-President of Respondent Quality First.

5 **1.2 Failure to Pay Annual Assessment.** An annual assessment fee for each license is due to the
6 Department no later than the last business day of April for the year then ended. Respondents failed to pay the
7 annual assessment of \$530.86 for the year ended April 2005, which was due to the Department no later than the
8 last business day of April 2005. As a result, the Department submitted a bond claim to Respondent Quality
9 First's surety, Great American Insurance Company, for payment of the annual assessment. In addition,
10 payment of the annual assessment of \$530.86 for the year ended April 2006 will be due to the Department no
11 later than the last business day of April 2006.

12 **1.3 Failure to Pay Branch Annual Assessment.** An annual assessment fee for each branch office
13 certificate is due to the Department no later than the last business day of April for the year then ended.
14 Respondents failed to pay the branch annual assessment of \$530.86 for the year ended April 2005, which was
15 due to the Department no later than the last business day of April 2005. As a result, the Department submitted a
16 bond claim to Respondent Quality First's surety, Great American Insurance Company, for payment of the
17 branch annual assessment. In addition, payment of the branch annual assessment of \$530.86 for the year ended
18 April 2006 will be due to the Department no later than the last business day of April 2006.

19 **1.4 Failure to Maintain Bond.** On April 19, 2005, the Department received notice from Great American
20 Insurance Company that Respondent Quality First's surety bond would be cancelled, effective May 19, 2005.
21 To date, Respondents have failed to notify the Department of the cancellation of the surety bond, and have
22 failed to provide the required surety bond or an approved alternative.

23 **1.5 Failure to Submit Continuing Education Certificate.** A certificate of satisfactory completion of an
24 approved continuing education course by a licensee's Designated Broker is due to the Department no later than
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1 the last business day of April 2005 of each year. To date, the Department has not received the required
2 certificates from Respondent Jon M. Norton for the year ended April 2005.

3 **1.6 Failure to Respond to Directive.** On April 19, 2005, the Department sent a directive to Respondent
4 Quality First's last known address via first class mail. This directive was not returned. In addition, on April 29,
5 2005, the Department served a directive on Respondents Quality First and Jon M. Norton by certified mail. The
6 Department received a return receipt delivery confirmation with what appears to be Jon. M. Norton's signature
7 on May 5, 2005. These directives required an original, signed and sealed replacement bond or reinstatement
8 certificate for the previous bond. To date, the Department has not received a response to these directives.

9 **1.7 Failure to Notify Department of Significant Developments.**

10 A. As stated in paragraph 1.4, to date, Respondents have not notified the Department of the
11 cancellation of Respondent Quality First's surety bond.

12 B. Respondent Quality First's corporate license, maintained with the State of Washington
13 Secretary of State, expired on February 28, 2005. To date, Respondents have not notified the Department of
14 this change in standing with the State of Washington Secretary of State.

15 **1.8 On-Going Investigation.** The Department's investigation into the alleged violations of the Act by
16 Respondents continues to date.

17 **II. GROUNDS FOR ENTRY OF ORDER**

18 **2.1 Requirement to Maintain Surety Bond.** Based on the Factual Allegations set forth in Section I
19 above, Respondents are in apparent violation of RCW 19.146.205(4)(a) and WAC 208-660-080(1) for failing to
20 file and maintain a surety bond or approved alternative with the Department.

21 **2.2 Requirement to Submit Certificate of Completion of Continuing Education.** Based on the Factual
22 Allegations set forth in Section I above, Respondent Norton is in apparent violation of RCW 19.146.215 and
23 WAC 208-660-042 for failing to complete the annual continuing education requirement and file a certificate of
24 satisfactory completion no later than the last business day of the month in which the anniversary date of the
25 issuance of the licensee's license occurs.

1 **2.3 Requirement to Pay Annual Assessments.** Based on the Factual Allegations set forth in Section I
2 above, Respondents are in apparent violation of RCW 19.146.228(1), WAC 208-660-060(3) and WAC 208-
3 660-061 for failing to pay to the Director an annual assessment fee no later than the last business day of the
4 month in which the anniversary date of the issuance of the mortgage broker's license occurs.

5 **2.4 Requirement to Notify Department of Significant Developments.** Based on the Factual Allegations
6 set forth in Section I above, Respondents are in apparent violation of WAC 208-660-150(1)(e), WAC 208-660-
7 150(2), and WAC 208-660-150(3)(b), (e) and (f) for failing to notify the Director in writing within thirty days
8 after receipt of notification of cancellation of the licensee's surety bond, and failing to notify the Director in
9 writing within five days after a change in standing with the state of Washington Secretary of State.

10 **2.5 Authority to Revoke License.** Pursuant to RCW 19.146.220(2)(b)(i), (ii), (iii) and (iv), and WAC
11 208-660-160, the Director may revoke a license for failure to pay a fee required by the Director or maintain the
12 required bond, failure to comply with any directive or order of the Director, any violation of RCW 19.146.050,
13 RCW 19.146.060(3), RCW 19.146.0201(1) through (9) or (12), RCW 19.146.205(4), or RCW 19.146.265.

14 **2.6 Authority to Prohibit from the Industry.** Pursuant to RCW 19.146.220(2)(e)(i), (ii), (iii) and (iv), the
15 Director may issue orders removing from office or prohibiting from participation in the conduct of the affairs of
16 a licensed mortgage broker, or both, any officer, principal, employee, or loan originator of any licensed
17 mortgage broker or any person subject to licensing under the Act for any violation of RCW 19.146.205(4), or
18 failure to comply with a directive or order of the Director.

19 **2.7 Authority to Collect Investigation Fee.** Pursuant to RCW 19.146.228(2), WAC 208-660-060(4) and
20 WAC 208-660-061, upon completion of any investigation of the books and records of a licensee or other person
21 subject to the Act, the Department will furnish to the licensee or other person subject to the Act a billing to cover
22 the cost of the investigation. The investigation charge will be calculated at the rate of forty-seven dollars and
23 seventy-eight cents (\$47.78) per hour that each staff person devoted to the investigation.

1 **III. NOTICE OF INTENTION TO ENTER ORDER**

2 Respondents' violations of the provisions of chapter 19.146 RCW and chapter 208-660 WAC, as set forth
3 in the above Factual Allegations and Grounds for Entry of Order, constitute a basis for the entry of an Order under
4 RCW 19.146.220, RCW 19.146.221 and RCW 19.146.223. Therefore, it is the Director's intention to ORDER
5 that:

- 6 **3.1** Respondent Quality First Mortgage Corp.'s license to conduct the business of a mortgage broker be
7 revoked; and
- 8 **3.2** Respondent Jon M. Norton be prohibited from participation in the conduct of the affairs of any mortgage
9 broker subject to licensure by the Director, as a principal, officer, or designated broker, for a period of five
10 (5) years; and
- 11 **3.3** Respondent Ladora L. Norton be prohibited from participation in the conduct of the affairs of any mortgage
12 broker subject to licensure by the Director, as a principal, officer, or designated broker, for a period of five
13 (5) years; and
- 14 **3.4** Respondents Quality First Mortgage Corp., Jon M. Norton and Ladora L. Norton jointly and severally pay
15 an investigation fee in the amount of \$621.14 calculated at \$47.78 per hour for the thirteen (13) staff hours
devoted to the investigation; and
- 16 **3.5** Respondents maintain records in compliance with the Act and provide the Department with the location of
the books, records and other information relating to Respondent Quality First's mortgage broker business,
and the name, address and telephone number of the individual responsible for maintenance of such records
in compliance with the Act.

17 **IV. AUTHORITY AND PROCEDURE**

18 This Statement of Charges and Notice of Intention to Enter an Order to revoke license, impose fine, prohibit
19 from industry, and collection investigation fee (Statement of Charges) is entered pursuant to the provisions of
20 RCW 19.146.220, RCW 19.146.221, RCW 19.146.223 and RCW 19.146.230, and is subject to the provisions
of chapter 34.05 RCW (The Administrative Procedure Act). Respondent may make a written request for a

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1 hearing as set forth in the NOTICE OF OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR
2 HEARING accompanying this Statement of Charges.

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4 Dated this 6th day of February, 2006.


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6 
7 CHUCK CROSS
8 Director
9 Division of Consumer Services
10 Department of Financial Institutions

11 Presented by:

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13 Karolyn R. Klohe
14 Financial Legal Examiner



15 Approved by:

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17 JAMES R. BRUSSELBACK
18 Enforcement Chief
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**STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
DIVISION OF CONSUMER SERVICES**

IN THE MATTER OF DETERMINING:
Whether there has been a violation of the
Mortgage Broker Practices Act of Washington by:

QUALITY FIRST MORTGAGE CORP.,
JON M. NORTON, President, Owner and
Designated Broker, and LADORA L. NORTON,
Vice President,

Respondents.

C-05-143-06-SC01

NOTICE OF OPPORTUNITY TO DEFEND
AND OPPORTUNITY FOR HEARING

THE STATE OF WASHINGTON TO:

Quality First Mortgage Corp.;
Jon M. Norton; Ladora L. Norton

YOU ARE HEREBY NOTIFIED that a STATEMENT OF CHARGES has been filed by the Department
of Financial Institutions, a true and correct copy of which is attached and made a part hereof.

YOU ARE HEREBY NOTIFIED that you may file an application for an adjudicative hearing before the
Washington State Department of Financial Institutions on the Statement of Charges. Service of this notice is
deemed complete upon deposit in the United States mail. YOUR APPLICATION MUST BE RECEIVED BY
THE DEPARTMENT OF FINANCIAL INSTITUTIONS WITHIN TWENTY (20) DAYS FROM THE DATE
YOU RECEIVED THIS NOTICE. If you demand a hearing, you will be notified of the time and place for the
hearing at least seven (7) days in advance of the hearing date.

At the hearing, you may appear personally, and by counsel, if you desire. The hearing will be as informal
as is practical within the requirements of the Administrative Procedure Act (see chapter 34.05 RCW). The hearing
will be recorded. The primary concern will be getting to the truth of the matter insofar as the Statement of Charges
is concerned. Technical rules of evidence will not be binding at the hearing except for the rules of privilege
recognized by law. You have the right to present evidence and witnesses in your own behalf, and to cross-examine
those witnesses presented in support of the Statement of Charges. You may require the attendance of witnesses by
subpoena. If you are limited English- speaking or hearing impaired, you have the right to have an interpreter
appointed at no cost to you, as discussed below.

NOTICE OF OPPORTUNITY TO DEFEND
AND OPPORTUNITY FOR HEARING

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DEPARTMENT OF FINANCIAL INSTITUTIONS
Division of Consumer Services
150 Israel Rd SW
PO Box 41200
Olympia, WA 98504-1200
(360) 902-8703

1 INTERPRETER AVAILABILITY. If you or a witness for you is a person who, because of non-English-
2 speaking cultural background, cannot readily speak or understand the English language, or if you or a witness for
3 you is a person who, because of a hearing impairment or speech defect, cannot readily understand or communicate
4 in spoken language, including persons who are deaf, deaf and blind, or hard of hearing, AND YOU NEED AN
5 INTERPRETER, then a qualified interpreter will be appointed at no cost to you or to the witness. You may request
6 the appointment of a qualified interpreter by indicating your request on the attached Application for Adjudicative
7 Hearing form.

8 YOU ARE FURTHER NOTIFIED that if the Department of Financial Institutions does not RECEIVE the
9 Application for Adjudicative Hearing form within twenty (20) days from the date you received this notice, this will
10 constitute a waiver of your right to a hearing and the Director will find that you do not contest the allegations of the
11 Statement of Charges. Upon such a finding by the Director a final order will be immediately entered disposing of
12 this matter as described in the Statement of Charges. If you desire a hearing in this matter, please return the
13 attached Application for Adjudicative Hearing to:

14 Department of Financial Institutions, Division of Consumer Services
15 Attn: Steven C. Sherman
16 PO Box 41200
17 Olympia, Washington 98504-1200

18 Dated this 6th day of February, 2006.



CHUCK CROSS
Director
Division of Consumer Services
Department of Financial Institutions